

FIEBIG DECL. EXHIBIT 4

(DX0114)

‘Capture what may go to outside tech providers’: WPP’s Mark Read says it will rival ad tech buyers

By [Seb Joseph](#) • October 27, 2023 • 4 min read •

WPP CEO Mark Read has said its media business will eventually give the ad tech vendors advertisers use to buy programmatic ads a run for their money.

It’s all part of the natural outcome of the group’s ongoing efforts, he has said, to capture a larger share of the programmatic market.

This all started back in the summer when it combined their display, CTV, and out-of-home specialist teams into one big programmatic unit called Nexus.

During an earnings update on Oct. 26, Read emphasized that Richard Kramer from Arete Research had it right when he suggested on the call that this consolidation would enable GroupM to expand by bringing demand-side platforms and other supply chain functions in-house.

In Read’s own words: “The reorganization will enable us to provide a common technology platform to allow clients to optimize their media across all their platforms in the right way and at the same time to capture spend that may go to outside technology providers, by better investing in the technology to support that business there will be opportunities.”

It seems like the kind of pitch The Trade Desk was making to agencies a few years back, and just look at how well that business has thrived since then. It was only a matter of time before the

major players in media buying took notice. Arguably, companies like WPP may have waited a bit too long to make a concerted effort to establish a profitable programmatic business, but as they say, better late than never. Especially with bumpy times ahead, like dealing with inflation, the decline of cookies, and fierce competition for new business. That's why WPP has to shore up a media business that makes up more than a third (37%) of its revenue.

Read put it this way, "Within Nexus, by having a common set of media products and a common technology platform we will be able to better service our clients in the programmatic and tech-driven media space."

And it seems like his counterparts are on the same page. Most, if not all, of the big holding groups are going after similar strategies. IPG recently revamped its Kinesso division for much the same reason. And you could argue that Publicis, Dentsu, and Havas have been even more aggressive in this respect in recent years.

There are a few reasons why these moves are gaining momentum now: First, agencies want to simplify their overall offerings. Second, programmatic trading operations are becoming increasingly centralized. Third, performance-based marketing, however you define it, is gradually taking over from brand-based advertising. And last but not least, agencies are increasingly exploring ways to sell media to clients wherever possible.

In the grand scheme of things, it's all about holding groups playing defense, as Kramer pointed out to Digiday. He highlighted the fact that both WPP and IPG have adjusted their sales forecasts for the year, hinting at more challenges to come.

When this happens, companies batten down the hatches, so to speak, reinforcing the strongest aspects of their businesses in preparation for potential headwinds. Whether Read has waited too long is almost beside the point, according to Kramer. They simply have to take action. After all,

The Trade Desk, a major competitor to the likes of WPP in the programmatic arena, is only growing bigger and stronger.

This situation might sound familiar, and that's because it is. Companies like WPP previously attempted to excel in programmatic advertising when they established agency trading desks. Initially, they were successful, but they eventually encountered difficulties. The reasons for those struggles have been thoroughly examined and debated. Now, it seems that three leaders of holding groups believe they can learn from these past mistakes and prevent history from repeating itself.

In fact, Brian Wieser, a media analyst and former WPP employee, sees these agencies' recent efforts more as an evolution of their previous endeavors rather than a revolution. He notes that the businesses succeeding the agency trading desks tend to function as service-oriented entities serving internal clients – specifically, the client teams within individual agency brands. Simultaneously, these divisions are being positioned to sell media to clients who prefer not to pay for their services on an hourly basis, as Wieser explained.